

DATE: JUNE 27, 2011

**AGENDA ITEMS 5, 6, 7, 8**

TO: THE LOS ANGELES GRAND AVENUE AUTHORITY

FROM: MARTHA WELBORNE, MANAGING DIRECTOR  
GRAND AVENUE COMMITTEE

SUBJECT: BROAD MUSEUM GENERAL SUPPORT PLEDGE AGREEMENT, DESIGN  
DEVELOPMENT SUBMISSION, ACCEPTANCE OF TERMINATION OF REAL  
PROPERTY SERVICES AGREEMENT WITH GRAND AVENUE COMMITTEE  
AND CONTINUATION OF LEGAL SERVICES CONTRACT WITH GILCHRIST &  
RUTTER FOR AN AMOUNT NOT TO EXCEED \$50,000 PER FISCAL YEAR  
WITHOUT FURTHER APPROVAL OF THE AUTHORITY BOARD.

COMMITTEE

REVIEW: RECOMMENDATIONS OF THE GRAND AVENUE COMMITTEE ON THE  
GRAND AVENUE PROJECT

**It is recommended that the Authority:**

1. Approve the General Support Pledge Agreement between The Eli and Edythe Broad Foundation, The Broad Art Foundation and The Broad Collection.
2. Approve the Design Development Submission of The Broad.
3. Approve the Request from the Grand Avenue Committee to allow 41 Days Notice of Termination of the Real Property Services Agreement.
4. Approve and authorize the negotiation and assumption of the existing legal services contract between the Grand Avenue Committee and Gilchrist & Rutter to continue providing legal services for the Authority for an amount not to exceed \$50,000 per fiscal year without further approval by the Authority Board.

#### PURPOSE AND JUSTIFICATION OF RECOMMENDED ACTIONS

##### General Support Pledge Agreement

The First Amendment to Disposition and Development Agreement (dated August 23, 2010) added provisions to the DDA relating to The Broad Museum (The Broad) including Section 1503(8) which requires that Broad Collection provide the Authority with an executed Grant Agreement satisfying the requirements of such Section 1503(8), which Grant Agreement shall be subject to the reasonable approval of the Authority. The Broad Collection has provided the General Support Pledge Agreement (see Attachment A) in satisfaction of the requirements for the Grant Agreement.

##### The Broad Design Development Submission

Design Development drawings for The Broad, to be included in the Phase IIA site in the Grand Avenue Project, were submitted to the Grand Avenue Committee on May 19, 2011.

The Managing Director of the Grand Avenue Committee has reviewed the documents and finds that they conform to the requirements specified in the Disposition and Development Agreement (March 5, 2007) as amended by the First Amendment to Disposition and Development Agreement (dated August 23, 2010) and Second Amendment to Disposition and Development Agreement (dated May 31, 2011) and the Amended and Restated Grand Avenue Project-Phase IIA Parcel Assignment and Assumption Agreement (dated April 11, 2011) (collectively the "Documents"). A summary of the requirements specified in these documents is below.

#### *Use Restrictions*

The Documents state that the museum shall consist of approximately 120,000 square feet in total, that the clear loading and storage/archive space shall consist of approximately 45,000 square feet, that the museum offices shall consist of approximately 15,000 square feet, that the exhibit space will be approximately 35,000 square feet, and that the building height shall be no greater than 81 feet from Upper Grand Avenue, with the exception of "pop ups" such as mechanical equipment, which can be no greater than 90 feet above Upper Grand Avenue, and no "pop ups" can be placed within 50 feet of the western edge of the museum building. The documents also allow for a museum shop and a cafe, the latter at the developer's option, with no minimum or maximum square footages assigned to these uses.

The Design Development drawings show a building that conforms to all of these requirements. At this stage, the museum is a total of 118,752 square feet, the archive and storage space is 21,642 square feet, the offices and conference space are a total of 9,562 square feet, the exhibit space is 43,528 square feet, and the building height is 76 feet from Upper Grand Avenue, with no "pop ups" shown above this height. The museum also includes a museum shop of 2,476 square feet on its ground floor. No cafe is included.

The most significant change in the uses of the building from the previously approved Schematic Design submission is the increase in potential exhibition space and the reduction of archive and storage space. The Committee sees this as a benefit to the public.

#### *Schedule of Performance*

The Schedule of Performance for the museum (Exhibit C-1 of the First Amendment to the Disposition and Development Agreement) requires that the Design Development documents must be submitted within 120 days after approval by the Authority of the Schematic Design documents. The Authority approved the Schematic Design documents on February 14, 2011, which means the required submission date was June 14, 2011. The documents were submitted approximately a month before this deadline.

#### *Contents of Submission*

The Design Development drawings as submitted include all elements required by the Disposition and Development Agreement. The package includes drawings by all disciplines: architectural, structural, mechanical, electrical, plumbing, and vertical transportation. It includes plans, sections, details, potential construction materials, as well as dimensions and uses of all rooms and a tabulation of floor area by use.

The Committee finds that the Design Development drawings conform to all requirements of all agreements and recommends approval.

The next submission of design documents for The Broad is anticipated in November 2011, with the submission of the 80% Construction Documents. Final Construction Documents will follow one month later and that will be the final design submission for The Broad.

#### Request of the Grand Avenue Committee to Terminate Real Property Services

The Real Property Services Agreement between the Authority and the Grand Avenue Committee ("Committee") allows, in section 3.1.c, that either party to the Agreement can terminate the Agreement "upon the giving of reasonable notice, but no less than 60 days".

In a letter dated May 20, 2011 from Nelson Rising, the Chairman of the Committee, to Supervisor Gloria Molina, the Chair of the Authority, Mr. Rising gave notice of the intent of the Committee to terminate the Agreement as of June 30, 2011 (see Attachment B). He cites that the work of the Committee is largely complete and that on-going tasks can be completed by either County or CRA staff. He states that the logic of selecting June 30<sup>th</sup> is because that will be the end of this fiscal year and by terminating then, only one more final audit and payment of taxes will be required, rather than two.

While it has been contemplated for several years that the Committee would end its formal role as staff to the Authority, after 10.5 years of effort, it is with mixed emotions that the Committee respectfully requests that the Authority allow for 41 days to be deemed reasonable notice of termination of the Committee's contract.

To assist in the transition, the Committee recommends that the Authority Chair appoint two of its members to form an advisory Ad Hoc Transition Committee to recommend how the administrative responsibilities of the Authority previously provided by the Committee will be split between the two member agencies.

#### Assumption of Gilchrist & Rutter Contract for Continued Legal Services

The Committee retained the Law Offices of Gilchrist & Rutter to provide transactional legal services for the Grand Avenue Project beginning in February of 2005. Gilchrist & Rutter has worked with the Committee on behalf of the Authority to negotiate and draft most of the documents necessary to implement the Grand Avenue Project.

In order to maintain consistency and to keep the Grand Avenue Project development moving forward, it is recommended that the Committee assign and that the Authority assume the existing legal services contract with Gilchrist & Rutter for transactional legal services as needed for the Authority, and grant a two year extension of the contract beyond the currently scheduled expiration date of June 30, 2011, subject to annual funding by the Authority, until June 30, 2013. This timing would insure continuity of these services until after the deadline for commencement of Phase I on February 15, 2013. The

amount that could be billed to the Authority would not exceed \$50,000 per fiscal year, without further approval by the Authority Board.

**Schedule I****THE BROAD FOUNDATIONS PLEDGE  
TO THE BROAD COLLECTION**

General Support

<b>Payment date</b>	<b>Pledge Payment</b>	
11/17/2013	\$	3,800,000
5/18/2014		3,800,000
11/17/2014		3,800,000
5/18/2015		3,800,000
11/17/2015		3,800,000
5/18/2016		3,800,000
11/17/2016		3,800,000
5/18/2017		3,800,000
11/17/2017		3,800,000
5/18/2018		3,800,000
11/17/2018		3,800,000
5/18/2019		3,800,000
11/17/2019		3,800,000
5/18/2020		3,800,000
11/17/2020		3,800,000
5/18/2021		154,000,000
<b>TOTAL</b>	<b>\$</b>	<b>211,000,000</b>



May 20, 2011

Supervisor Gloria Molina  
Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 856  
Los Angeles, California 90012-3873

Dear Supervisor Molina:

I am writing to you today in your capacity as the Chair of the Los Angeles Grand Avenue Authority (Authority), to inform you of the desire of the board of Grand Avenue Committee, Inc. (Committee) to terminate the Real Property Services Agreement between the Authority and the Committee.

As you are well aware, the work of the Committee is largely complete with the Civic Park under construction, the Broad Museum under construction, and agreed-upon dates in place for the start of construction for the remaining parcels of land. As has been discussed with you and others, the intent of the Committee is to dissolve as a 501c3 once all of our responsibilities have been passed along to County and/or CRA staff.

The Committee's tenure began in 2001 and we are proud of the work we have accomplished. The Real Property Services Agreement was executed on February 23, 2004 and the Authority graciously extended the contract an additional three times. Section 3.1.c of the Agreement states that reasonable notice by either party can be given to terminate the Agreement. It also states that reasonable notice should be "no less than 60 days." We request that the contract should terminate on June 30, 2011, which is the end of our current fiscal year, which is only 41 days from the date of this notice. Ending the Agreement at a date co-terminus with our fiscal year will allow for one final audit and payment of taxes, rather than two. That is advantageous to both the Authority and Committee.

I shall continue to be available to you for advice and support, and have enjoyed our partnership in imagining and building the Grand Avenue Project. Like you, I look forward to the ultimate completion of the elements of the vision.

Honorable Gloria Molina

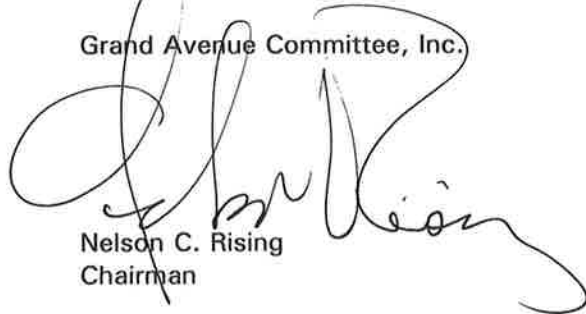
May 20, 2011

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Please let me know if you are willing to accept 41 days as reasonable notice.

Sincerely,

Grand Avenue Committee, Inc.

A handwritten signature in black ink, appearing to read 'N. Rising', is written over the printed name and title.

Nelson C. Rising  
Chairman

xc: Councilwoman Jan Perry, Vice Chair, Los Angeles Grand Avenue Authority  
William T Fujioka, Secretary, Los Angeles Grand Avenue Authority  
Christine Essel, Board Member, Los Angeles Grand Avenue Authority  
Antonia Hernandez, Vice Chairman, Grand Avenue Committee, Inc.  
Ayahlushim Getachew, Board Member, Grand Avenue Committee, Inc.  
Gerry Hertzberg, Board Member, Grand Avenue Committee, Inc.  
David Riccitiello, Board Member, Grand Avenue Committee, Inc.  
Martha Welborne, Managing Director, Grand Avenue Committee, Inc.  
Heather Peters, Deputy Secretary for Business Regulations, State of California  
Helen Parker, Principal Deputy County Counsel, County of Los Angeles  
Tim Chung, Deputy City Attorney, Community Redevelopment Agency of the  
City of Los Angeles  
Paul Rutter, Grand Avenue Committee Counsel